

BWG Meeting

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Federal Policy Update

EPA Tailoring Rule –

- NAFO letter to members of congress specifically to propose a supplement to the tailoring rule before the upcoming January 2, 2011 implementation date and also to stay the rulemaking process.
- December 10, 2010 US Court of Appeals denied petitions' (Coalition for Responsible Regulation) request to stay EPA's January 2, 2011 deadline to implement 4 regulations and motion to schedule oral argument. 4 Rules in question:
 - Timing Rule that requires new controls of GHG emissions from stationary sources
 - The Tailoring Rule that interprets the Clean Air Act in such a way that only major polluters are required to obtain permits for GHG emissions
 - The Endangerment Rule focusing on EPA's initial decision in which it held that GHGs are harmful
 - Tailpipe Rule which adopts new standards for cars and light-truck emissions.
- EPA may be considering a supplemental rulemaking to recognize the carbon benefits of biomass.

EPA Emission Standards for Biomass Boilers –

- EPA requested a 15-month extension to afford time to revise the rule based on considerable new data that the Agency received through a RFI. The court is expected to rule on the extension around January 1, 2011 after a 14 day review period of the Sierra Club followed by a 7-day "counter review" period. If the court does not grant EPA's request for an extension, the Agency is asking for a five month extension until June 15, 2011 to respond to existing comments and complete the rulemaking.

Tax Extenders –

- The current 25C tax credit (expiring December 31, 2010) provides a 30% tax credit of up to \$1,500 for wood and pellet stoves and boilers that are 75% efficient. Current tax bill draft language decreased the credit to 10% or up to \$500.
- Investment Incentives: Bill also increases additional first-year depreciation to 100 percent (sunset December 31, 2011); extends 50 percent additional first-year depreciation for property placed in service after 12/31/11 (sunset 12/31/12).

Tax Package –

- Favorable tax treatment for the sale of transmission assets by investor-owned utilities to meet Federal Energy Regulatory Commission or state policies promoting electricity market restructuring. As of today, the proposal does not renew the ARRA cash grant program, which is scheduled to expire at the end of the year. This program allowed renewable developers to turn in federal tax credits in exchange for direct payments from the Treasury up to 30 percent of the project costs.

RES –

- Little time left on the congressional schedule to pass a bill that requires utilities to generate 15 percent of their electricity from renewable resources by 2021.
- Energy Secretary Chu indicates that he would support a “Clean Energy Standard” CES.
 - Includes nuclear energy development
 - Provides guidelines to help businesses make decision but would not cost the federal government money, instead becoming a direct cost to the consumers and markets.
 - CES portfolio standards would require 50 percent clean energy by 2050, with an intermediate target of 25 percent by 2025.